



Entergy Arkansas
425 West Capitol Avenue
P.O. Box 551
Little Rock, AR 72203
Tel 501 377 4000

RECEIVED

December 10, 2002

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Ms. Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

TN REGULATORY AUTHORITY
DOCKET ROOM

DEC 12 2002

SARA KYLE, COMMISSIONER
TN PUBLIC SERVICE COMM.

Re: Tennessee Regulatory Authority (TRA) Docket No. 01-00830
Entergy Arkansas, Inc. Request for Approval to Enter Into Certain
Financing Transactions During the Years 2002 Through 2003

Dear Ms. Kyle:

Pursuant to the approving Order issued December 11, 2001, in TRA Docket No. 01-00830, please find attached for filing with the TRA the original and thirteen copies of Entergy Arkansas, Inc.'s compliance financing report filed with the Arkansas Public Service Commission in APSC Reporting Docket No. 86-033-A and APSC Docket No. 01-221-U on December 10, 2002, regarding its November 12, 2002, issuance of \$100,000,000 aggregate principal amount of First Mortgage Bonds.

Also attached is a copy of the Amended and Substituted Report which contains a correction to the original report EAI furnished the TRA in its transmittal letter dated October 18, 2002. This Amended and Substituted Report reflects an additional accounting entry on Exhibit A relating to EAI's March 28, 2002, issuance of \$100,000,000 aggregate principal amount of First Mortgage Bonds.

If you have any questions or need additional information, please do not hesitate to call me at 501-377-5489.

Sincerely,

William R. Morgan
Manager, Regulatory Affairs

WM/tj
Attachments

TENNESSEE REGULATORY AUTHORITY (TRA)

DOCKET NO. 01-00830

**ENTERGY ARKANSAS, INC. REQUEST FOR APPROVAL
TO ENTER INTO CERTAIN FINANCING TRANSACTIONS
DURING THE YEARS 2002 THROUGH 2003**

ATTACHMENT

**FINANCE REPORTING DOCUMENTS FILED WITH THE
ARKANSAS PUBLIC SERVICE COMMISSION
ON DECEMBER 10, 2002
IN REPORTING DOCKET NO. 86-033-A AND
ORIGINATING DOCKET NO. 01-221-U**



ARK PUBLIC SERV COMM.
DIANA WILSON
SECRETARY OF COMM.

Dec 10 11 43 AM '02

Entergy Arkansas, Inc.
425 West Capitol Avenue
P.O. Box 551
Little Rock, AR 72203-0551
Tel 501 377 4457
Fax 501 377 4415

Steven K. Strickland
Vice President
Regulatory Affairs

FILED

December 10, 2002

Ms. Diana Wilson, Secretary
Arkansas Public Service Commission
P. O. Box 400
1000 Center Street
Little Rock, AR 72203-0400

Re: Originating Docket: 01-221-U
Report Docket: 86-033-A
Pursuant to Order No. 2
In the Matter of the Application of Entergy Arkansas, Inc.
for Authorization to Enter Into Certain Financing
Transactions During the Years 2002 Through 2003

Dear Ms. Wilson:

Please find attached the original and thirteen copies of Entergy Arkansas, Inc.'s report to the Commission in the above-styled proceedings regarding its November 12, 2002, issuance of \$100,000,000 aggregate principal amount of First Mortgage Bonds. This report is required under Order No. 2 in Docket No. 01-221-U.

Also attached for filing is the Amended and Substituted Report which contains a correction to the original report EAI filed on April 19, 2002. This Amended and Substituted Report reflects an additional accounting entry on Exhibit A relating to the March 28, 2002, issuance of \$100,000,000 aggregate principal amount of First Mortgage Bonds.

Please file this letter and the attached reports in the appropriate docket.

Sincerely,

SS/tj
Attachments

ENTERGY ARKANSAS, INC.

ISSUANCE OF FIRST MORTGAGE BONDS:
\$100,000,000 6% SERIES DUE NOVEMBER 1, 2032

EXECUTIVE SUMMARY

TRANSACTION ANALYSIS AND RESULTS

On Tuesday, November 12, 2002, Entergy Arkansas, Inc. ("EAI"), issued \$100,000,000 aggregate principal amount of First Mortgage Bonds at an interest rate of 6%. The net proceeds will be used to meet the maturity of \$100 million principal amount of First Mortgage Bonds, 7.72% Series due March 1, 2003. EAI obtained bond insurance through Ambac Assurance Corporation, in order to give the bonds a AAA rating and to obtain more favorable pricing (EAI's senior secured rating is BBB+). EAI issued the bonds in the retail market using a thirty-year maturity and a non-call 5-year provision.

The net proceeds from the issuance were \$96,850,000 after deducting underwriting expenses. The initial insurance premium covering a period of 5 years was \$2,583,352. Annual insurance premiums after year five (payable annually in advance) will be \$600,000 (0.60%). Additional expenses are estimated to be approximately \$133,500. Actual expenses will not be known for several months subsequent to closing.

SUMMARY OF TERMS

<u>Principal Amount:</u>	\$100,000,000
<u>Maturity Date:</u>	11/1/2032
<u>Optional Call Provisions:</u>	Non-call until 11/12/07, then callable at par
<u>Mandatory Call Provisions:</u>	Upon certain reorganization events and upon failure to pay bond insurance premium, but not before November 12, 2007, at par
<u>Underwriters:</u>	Morgan Stanley and Salomon Smith Barney (Joint Book-Runners) ABN AMRO Incorporated, Banc One Capital Markets, Inc. and Stephens Inc. (Co- Managers)
<u>30 Year Treasury Yield @ Pricing:</u>	5.11%
<u>Spread to Treasury:</u>	0.89%
<u>Yield to Public:</u>	6%
<u>Coupon Rate:</u>	6%

SUMMARY OF TERMS (CONTINUED)

<u>Price to Public:</u>	100.00%
<u>Underwriters' Compensation:</u>	3.15%
<u>Price to Company:</u>	96.85%
<u>Proceeds to Company:</u>	\$96,850,000

JOURNAL ENTRIES

Exhibit A shows journal entries related to the issuance of the new series of First Mortgage Bonds.

ENTERGY ARKANSAS, INC.
ENTRIES TO RECORD THE ISSUANCE OF
\$100,000,000 REVENUE REFUNDING BONDS

Entry No. 1

Cash	\$96,850,000	
Unamortized Debt Expense – FMB (Underwriting Fee)	\$3,150,000	
Long Term Debt – First Mortgage Bonds		\$100,000,000

To record the sale of \$100,000,000 principal amount of 6% Entergy Arkansas, Inc. First Mortgage Bonds, due November 1, 2032, and the related underwriting fee.

Entry No. 2

Unamortized Debt Expense – FMB	\$2,583,352	
Cash		\$2,583,352

To record the initial insurance premium in connection with the issuance of \$100,000,000 principal amount of 6% Entergy Arkansas, Inc. First Mortgage Bonds, due November 1, 2032.

Entry No. 3

Amortization of Debt Discount & Expense	\$600,000	
Cash	\$600,000	

To record the ongoing annual insurance premium in connection with the issuance of \$100,000,000 principal amount of 6% Entergy Arkansas, Inc. First Mortgage Bonds, due November 1, 2032.

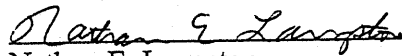
Entry No. 4

Unamortized Debt Expense – FMB	\$*	
Cash		\$*

To record expenses in connection with the issuance of \$100,000,000 principal amount of 6% Entergy Arkansas, Inc. First Mortgage Bonds, due November 1, 2032. (*Total expenses are estimated to be approximately \$133,500. Actual expenses will not be known for several months subsequent to closing.)

ENTERGY ARKANSAS, INC.

I, Nathan E. Langston, Vice President and Chief Accounting Officer, attest on this 2nd day of December, 2002, that the journal entries attached as Exhibit A correctly reflect the effect of the sale on November 12, 2002 of \$100,000,000, 6.00% Entergy Arkansas, Inc. First Mortgage Bonds due November 1, 2032.


Nathan E. Langston
Senior Vice President and Chief Accounting Officer

ENTERGY ARKANSAS, INC.

**ISSUANCE OF FIRST MORTGAGE BONDS:
\$100,000,000 6.70% SERIES DUE APRIL 1, 2032**

EXECUTIVE SUMMARY

TRANSACTION ANALYSIS AND RESULTS

On Thursday, March 28, 2002, Entergy Arkansas, Inc. ("EAI"), issued \$100,000,000 aggregate principal amount of First Mortgage Bonds at an interest rate of 6.70%. A portion of the net proceeds were used to satisfy the annual replacement fund requirement under the mortgage by redeeming at par \$85 million principal amount of First Mortgage Bonds, 8.75% Series due March 1, 2026. The balance of the net proceeds was used to replace a portion of the cash that EAI used to meet the maturity of \$85 million principal amount of First Mortgage Bonds, 7% Series due March 1, 2002. EAI obtained bond insurance through Ambac Assurance Corporation, in order to give the bonds a AAA rating and to obtain more favorable pricing (EAI's senior secured rating is BBB+). EAI issued the bonds in the retail market using a thirty-year maturity and a non-call 5 year provision.

The net proceeds from the issuance were \$96,850,000 after deducting underwriting expenses. The initial insurance premium covering a period of 5 years was \$1,836,393. Additional expenses are estimated to be approximately \$100,000. Actual expenses will not be known for several months subsequent to closing.

SUMMARY OF TERMS

<u>Principal Amount:</u>	\$100,000,000
<u>Maturity Date:</u>	4/1/2032
<u>Optional Call Provisions:</u>	Non-call until 4/1/07, then callable at par
<u>Mandatory Call Provisions:</u>	Upon certain reorganization events, but not before April 1, 2007, at par
<u>Underwriters:</u>	Morgan Stanley (Co-Lead) Salomon Smith Barney (Co-Lead) Merrill Lynch & Co, Stephens Inc., Wachovia Securities
<u>30 Year Treasury Yield @ Pricing:</u>	5.80%
<u>Spread to Treasury:</u>	0.90%
<u>Yield to Public:</u>	6.70%
<u>Coupon Rate:</u>	6.70%

SUMMARY OF TERMS (CONTINUED)

<u>Price to Public:</u>	100.00 %
<u>Underwriters' Compensation:</u>	3.15%
<u>Price to Company:</u>	96.85 %
<u>Proceeds to Company:</u>	\$96,850,000

JOURNAL ENTRIES

Exhibit A shows journal entries related to the issuance of the new series of First Mortgage Bonds.

ENTERGY ARKANSAS, INC.
ENTRIES TO RECORD THE ISSUANCE OF
\$100,000,000 REVENUE REFUNDING BONDS

Entry No. 1

Cash	\$96,850,000	
Unamortized Debt Expense – FMB (Underwriting Fee)	\$3,150,000	
Long Term Debt – First Mortgage Bonds		\$100,000,000

To record the sale of \$100,000,000 principal amount of 6.70% Entergy Arkansas, Inc. First Mortgage Bonds, due April 1, 2032, and the related underwriting fee.

Entry No. 2

Unamortized Debt Expense – FMB	\$1,836,393	
Cash		\$1,836,393

To record the insurance premium in connection with the issuance of \$100,000,000 principal amount of 6.70% Entergy Arkansas, Inc. First Mortgage Bonds, due April 1, 2032.

Entry No. 3

Amortization of Debt Discount & Expense	\$425,000	
Cash		\$425,000

To record the ongoing annual insurance premium in connection with the issuance of \$100,000,000 principal amount of 6.70% Entergy Arkansas, Inc. First Mortgage Bonds, due April 1, 2032.

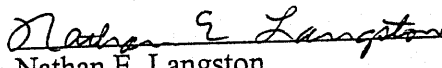
Entry No. 4

Unamortized Debt Expense – FMB	\$*	
Cash		\$*

To record expenses in connection with the issuance of \$100,000,000 principal amount of 6.70% Entergy Arkansas, Inc. First Mortgage Bonds, due April 1, 2032. (*Total expenses are estimated to be approximately \$100,000. Actual expenses will not be known for several months subsequent to closing.)

ENTERGY ARKANSAS, INC.

I, Nathan E. Langston, Vice President and Chief Accounting Officer, attest on this 2nd day of December, 2002, that the journal entries attached as Exhibit A correctly reflect the effect of the sale on March 28, 2002 of \$100,000,000, 6.70% Entergy Arkansas, Inc. First Mortgage Bonds due April 1, 2032.


Nathan E. Langston
Senior Vice President and Chief Accounting Officer